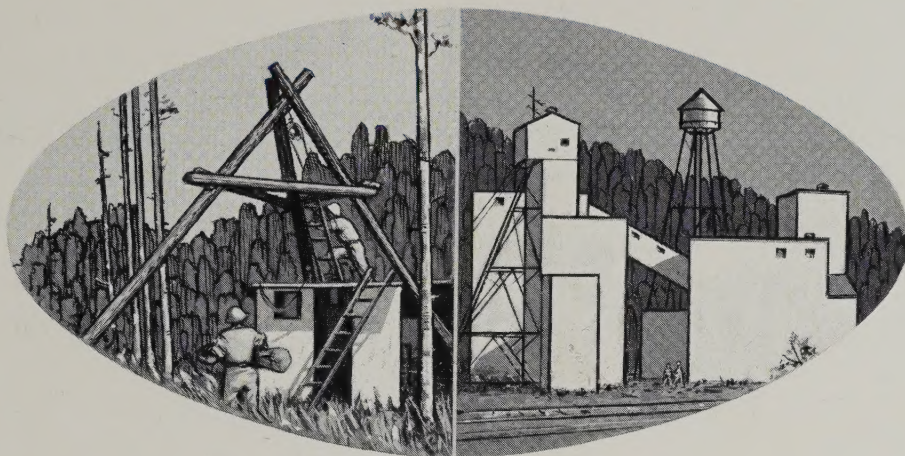


AR23

8th ANNUAL REPORT

for the year ended December 31, 1968



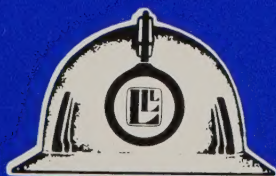
MACASSA GOLD MINES LIMITED

including a copy of the Annual Report of


RENABIE MINES LIMITED

and

MILTON QUARRIES LIMITED



ASSOCIATE THE LITTLE LONG LAC GOLD MINES LIMITED



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MACASSA GOLD MINES LIMITED

DIRECTORS AND OFFICERS:

JOHN D. BRYCE, *President and Director*
TORONTO, ONTARIO.

R. C. STANLEY, JR., *Vice-President and Director*
NEW YORK, N.Y.

JOHN C. L. ALLEN, *Director*
TORONTO, ONTARIO.

P. A. ALLEN, *Director*
TORONTO, ONTARIO.

P. K. HANLEY, *Director*
TORONTO, ONTARIO.

C. C. HUSTON, *Director*
TORONTO, ONTARIO.

M. R. MACPHERSON,
Mine Manager and Director
KIRKLAND LAKE, ONTARIO

A. G. WILSON, *Secretary-Treasurer*
TORONTO, ONTARIO.

D. M. LORIMER, *Comptroller*
TORONTO, ONTARIO.

TRANSFER AGENT AND REGISTRAR

NATIONAL TRUST COMPANY, LIMITED,
TORONTO, ONTARIO.

AUDITORS:

THORNE, GUNN, HELLIWELL & CHRISTENSON
TORONTO, ONTARIO.

ANNUAL MEETING:

May 8th, 1969, 9:45 A.M., Toronto Time
Boardroom, Suite 400, 112 King Street West, Toronto

PRESIDENT'S REPORT

To the Shareholders of
MACASSA GOLD MINES LIMITED

Your directors submit herewith the 8th annual report of your Company, for the year ended December 31st, 1968, comprising the report of the mine manager, the financial statements, and the auditors' report thereon.

You will note from the statement of income and retained earnings that the operating profit at the mine increased in 1968 to \$366,539, compared to \$234,522 in 1967. This was entirely due to a better grade of ore being treated, as the tonnage milled was slightly lower than that milled in 1967.

The lower tonnage was entirely due to the lack of sufficient labor in all classifications. Other income increased in 1968 to \$154,498, as compared to \$137,398 in 1967.

Renabie Mines did not pay any dividends in 1968.

You will note that provision for severance pay under our union agreement was set up, totaling \$73,707. Thus, the net profit for 1968 totaled \$398,894, as compared to \$333,648 in 1967.

Two dividends of three cents each were declared in 1968, totaling \$182,620, as compared to dividends totaling \$152,183 in 1967. One of these dividends was paid in June; the other, while declared in December, was paid in January 1969.

There was no new ore of any significance developed during the year 1968. Thus there was a drop in the ore reserves of approximately 80,000 tons. The new levels are now entering the favorable area for ore deposition and it is anticipated the new ore development in 1969 will be significantly better than that in 1968.

The company continues to suffer from a shortage of labour and the ever-increasing pressure of increased wages. In addition, in December it was necessary for the company to start pumping the underground water from all the mines in Kirkland Lake. This will be an additional charge to operating costs in future.

Included with this report is the report of the Exploration Manager of Long Lac Mineral Exploration Limited in which your company holds a 10% participating interest. Long Lac Mineral is the exploration division for a number of companies associated with The Little Long Lac Gold Mines Limited. In this way, your company participates in a broader exploration field than it could on its own.

As of this date, your company has initiated a program to do more exploration work on the wholly-owned Limerick nickel deposit.

Since your company continues to hold the majority of the issued shares of Renabie Mines Limited and Milton Quarries Limited, the annual reports of both those companies for 1968 are included.

We are glad to take this opportunity of expressing our appreciation for the way Mr. MacPherson, his staff, and employees have conducted the operation during the past year.

On behalf of the Board,

JOHN D. BRYCE,
President.

April 15, 1969.

MACASSA GOLD MINES LIMITED

AUDITORS' REPORT

To the Shareholders of
Macassa Gold Mines Limited

We have examined the balance sheet of Macassa Gold Mines Limited as at December 31, 1968 and the statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada
February 25, 1969

MACASSA GOLD

(Incorporated under the laws of the Province of Ontario)

Balance Sheet

(with comparative figures for 1967)

ASSETS

CURRENT ASSETS	1968	1967
Cash	\$ 39,516	\$ 11,884
Short term deposits	1,192,124	949,337
Bullion, at net realizable value	176,589	180,914
Marketable securities, at cost (quoted market value, 1968, \$1,414,470; 1967, \$714,775)	1,064,991	599,038
Accounts receivable	12,036	1,646
Receivable from associated companies	75,478	
Amount receivable under the Emergency Gold Mining Assistance Act	202,454	241,711
Prepaid expenses	7,262	4,212
Supplies, at average cost	253,914	216,721
	<u>3,024,364</u>	<u>2,205,463</u>
INTEREST IN OTHER COMPANIES (note 2)	<u>2,150,394</u>	<u>2,354,211</u>
 FIXED ASSETS, at cost		
Buildings, machinery and equipment	526,404	506,571
Less accumulated depreciation	215,064	183,359
	<u>311,340</u>	<u>323,212</u>
Mining properties, Kirkland Lake Area, Ontario	1,632,460	1,631,852
Gravel pit property — County of Halton, Ontario	150,300	150,300
	<u>2,094,100</u>	<u>2,105,364</u>
OTHER ASSETS	58,373	106,727
	<u>\$7,327,231</u>	<u>\$6,771,765</u>

MINES LIMITED

(Incorporated under the laws of Ontario)

December 31, 1968

(December 31, 1967)

LIABILITIES

CURRENT LIABILITIES

	<u>1968</u>	<u>1967</u>
Accounts payable and accrued liabilities	\$ 317,735	\$ 198,086
Taxes payable	18,810	6,230
Dividends payable	91,310	
	<u>427,855</u>	<u>204,316</u>

SHAREHOLDERS' EQUITY

Capital stock

Authorized — 4,000,000 shares at \$1 each		
Issued — 3,043,664 11/15 shares	3,043,665	3,043,665
Contributed surplus	1,566,812	1,566,812
Retained earnings	2,288,899	1,956,972
	<u>6,899,376</u>	<u>6,567,449</u>

Approved by the Board:

JOHN D. BRYCE, Director.

R. C. STANLEY, Jr., Director.

<u>\$7,327,231</u>	<u>\$6,771,765</u>
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MACASSA GOLD MINES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

Year Ended December 31, 1968
(with comparative figures for 1967)

OPERATING REVENUE	1968	1967
Bullion recovery	\$2,005,838	\$1,824,218
Assistance under the Emergency Gold Mining Assistance Act	398,446	443,603
	<u>2,404,284</u>	<u>2,267,821</u>
OPERATING EXPENSES		
Mine development	237,145	200,647
Mining	1,009,317	1,043,414
Milling	296,891	308,266
Marketing expenses	12,263	14,772
Mine office and supervision	63,388	62,271
General expenses at the property	314,394	314,447
Administrative and corporate expenses	85,766	88,982
Ontario mining tax	18,581	500
	<u>2,037,745</u>	<u>2,033,299</u>
OPERATING PROFIT, before the undernoted items	<u>366,539</u>	<u>234,522</u>
DEDUCT		
Depreciation	34,942	36,272
Outside exploration	13,494	2,000
	<u>48,436</u>	<u>38,272</u>
	<u>318,103</u>	<u>196,250</u>
OTHER INCOME		
Income from investments	150,910	119,992
Sundry	3,588	17,406
	<u>154,498</u>	<u>137,398</u>
Income before extraordinary items	<u>472,601</u>	<u>333,648</u>
Deduct provision for severance pay	73,707	
Net income for the year	<u>398,894</u>	<u>333,648</u>
Retained earnings at beginning of year	1,956,972	2,150,457
Gain on investments sold in 1968	115,653	
	<u>2,471,519</u>	<u>2,484,105</u>
DEDUCT		
Dividends	182,620	152,183
Loss on investments sold in 1967		45,644
Shares in subsidiary company written down to nominal value		329,306
	<u>182,620</u>	<u>527,133</u>
Retained earnings at end of year	<u>\$2,288,899</u>	<u>\$1,956,972</u>

MACASSA GOLD MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1968
(with comparative figures for 1967)

SOURCE OF FUNDS	1968	1967
Operations		
Net income for the year	\$ 398,894	\$ 333,648
Add back depreciation not involving cash outlay	34,942	36,272
	<hr/>	<hr/>
	433,836	369,920
Payment on advances to subsidiary and associated companies	177,036	34,335
Sale of shares in associated companies	63,238	13,541
Gain on sale of marketable securities	87,535	
Sale of shares in a subsidiary company		9,990
Other items	50,861	
	<hr/>	<hr/>
	812,506	427,786
	<hr/>	<hr/>
APPLICATION OF FUNDS		
Purchase of machinery and equipment	25,979	20,468
Dividends	182,620	152,183
Purchase of shares in associated companies	8,545	47,500
Purchase of shares in subsidiary companies		112,146
Other items		4,035
	<hr/>	<hr/>
	217,144	336,332
	<hr/>	<hr/>
Increase in working capital	595,362	91,454
Working capital at beginning of year	2,001,147	1,909,693
	<hr/>	<hr/>
Working capital at end of year	<u>\$2,596,509</u>	<u>\$2,001,147</u>

MACASSA GOLD MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1968

1. SUBSIDIARY COMPANIES

The financial statements of two of the subsidiary companies, Renabie Mines Limited and Milton Quarries Limited, have not been consolidated with those of the parent company as it is considered more informative to present separate financial statements of these companies.

The company's proportion of the loss of Renabie Mines Limited and Milton Quarries Limited for 1968 amount to \$38,909 (profits less losses for 1967 \$147,444) and its proportion of the aggregate undistributed profits earned since acquisition of their shares amounts to \$291,914 no part of which has been taken into the financial statements of the parent company.

2. INTEREST IN OTHER COMPANIES

	1968	1967
Subsidiary companies		
Shares, at cost or nominal value		
Renabie Mines	\$ 482,151	\$ 482,151
Milton Quarries	411,249	411,249
Jerd Petroleums	1	1
	<hr/>	<hr/>
	893,401	893,401
Advances	751,953	767,933
	<hr/>	<hr/>
	1,645,354	1,661,334
	<hr/>	<hr/>
Associated companies		
Shares, at cost (quoted market value 1968, \$946,300; 1967, \$96,500)	493,631	70,410
Debentures, at cost		450,000
Advances		161,056
	<hr/>	<hr/>
	493,631	681,466
	<hr/>	<hr/>
Other companies		
Shares, at cost	11,409	11,411
	<hr/>	<hr/>
	\$2,150,394	\$2,354,211
	<hr/>	<hr/>

3. OTHER STATUTORY INFORMATION

Direct remuneration of the company's directors and senior officers (including the five highest paid employees) as defined by The Corporations Act was as follows:

	From Macassa Gold Mines Limited		From Unconsolidated Subsidiary Companies	
	1968	1967	1968	1967
Directors and officers	\$ 37,200	\$ 37,200	\$ 12,200	\$ 12,200
Mine employees	42,620	41,595	nil	nil
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 79,820	\$ 78,795	\$ 12,200	\$ 12,200
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1968

4. INCOME TAXES

No income taxes were payable in 1968 as a result of claiming for tax purposes depletion and a portion of prior years' losses. No income taxes were payable in 1967 as a result of claiming for tax purposes, depletion and a portion of prior years' exploration expenditures previously written off in the accounts.

At December 31, 1968 the company has available as a deduction against future income tax purposes

(a) losses for tax purposes caused by depletion in prior years	\$ 670,000
and	
(b) amounts charged in the accounts in prior years but not yet claimed for tax purposes	\$4,600,000

5. CAPITAL STOCK

The company has granted employee incentive stock options on 65,000 shares at \$1.66 per share exercisable on a cumulative proportionate basis to 1973.

MINE MANAGER'S REPORT

Mr. John D. Bryce, President,
and Directors,
Macassa Gold Mines Limited,
Macassa Division,
Suite 400,
112 King St., W.,
Toronto 1, Ontario.

February 5, 1969.

Gentlemen:

This report is submitted for your consideration. It covers operations of the Macassa Division for the year 1968. Comparative figures are included.

PRODUCTION:

	1968	1967	1966
Gross	\$2,005,838	\$1,824,218	\$2,062,733
Tons Milled	104,408	108,331	130,133
Recovery Per Ton	\$19.21	\$16.84	\$15.85

In Canadian funds, average prices received per Troy ounce for gold and silver were \$37.70 and \$2.33. For 1967 these prices were \$37.77 and \$1.66.

Under the Gold Mining Assistance Act, estimated assistance amounts to \$398,446.

MILLING

In the plant 104,408 tons of ore were milled giving a Calendar day average of 250 tons. The percent total recovery was 94.4%. For 1967 these figures were 108,331, 296 and 94.3%.

Bullion recovered was 52,671 Troy ounces of gold and 8,656 Troy ounces of silver.

From the start of milling operations in 1933, 4,288,640 tons of ore have been milled. From this tonnage 1,808,664 ounces of gold and 290,299 ounces of silver have been extracted. Total recovered value amounts to \$65,716,245 and is equivalent to \$15.32 per ton.

No income was received or will be obtained in the future from retreatment of tailings. A new dam was built to increase the area for disposal.

During vacation shut-down a major overhaul and rebuild was done on the crushers.

DEVELOPMENT

With the exception of 108' of exploration done east in waste on the 5025' level, all drifting and crosscutting was carried out in the block of new levels from the 6300 to the 6725.

At year's end this block of ground on the west side of the mine had the following footages on the '04 break to be completed to boundary.

6300' Level — 850'	6575' Level — 1100'
6450' Level — 825'	6725' Level — 1750'

The waste pass system was completed to the 6725' loading pocket by driving two raises.

DEVELOPMENT SUMMARY

<u>Year</u>	<u>Sinking</u>	<u>Sinking Equivalent</u>	<u>Drifting</u>	<u>Crosscutting</u>	<u>Raising</u>	<u>Diamond Drilling</u>
1968	—	—	4,662'	374'	1,631.5'	7,678'
1967	—	8'	2,682.5'	1,303.5'	1,567'	8,326'
1966	574'	172.5'	3,035.5'	1,651.5'	1,224.5'	14,588'
Mine To Date ..	11,863'	1,469'	199,036.5'	60,613'	41,498.5'	489,124'

ORE RESERVES

The estimate of the ore reserves, based on sampling, diamond drilling and the extension of known veins from stoping operations is, as of December 31, 1968

	<u>Tons</u>	<u>Ounces of Gold Per Ton</u>
Unbroken	434,600	0.435
Broken	24,159	0.346
Total Reserve	458,759	0.4306

Note: 1. Dilution factor of 10% applied to grade only.

2. Classed as inaccessible and not included above 27,000 tons, grade 0.378 ozs. per ton.

Change in position for the year 1968

Unbroken reserve is down	75,600 tons
Broken reserve is down	5,386 tons
Total reserve is down	80,986 tons

MINING

Mill feed from stopes amounted to 96,926 tons. Total ore broken in stopes was 93,004 tons with 76% of this total being mined from filled and/or timbered working places.

During the year 30,037 tons of fill were placed and sequence mining continued as standard practice.

LABOUR NOTES

Negotiations on the Labour Agreement were entered into during October 1967 and settlement was concluded on February 20, 1968 for a two year contract from that date. Increases during the year were 12 cents in February, followed by 8 cents in November. On the year's operations the result was a 7.6% increase in direct labour costs.

Labour shortage was again a major factor in the efficiency of mining operations. To upgrade efficiency a scheme was set up, under the auspices of the Department of Labour for training men in mining skills.

The great attrition in the labour force took place in stope crews and was intensified by the activities of recruiters, from outside the area, seeking skilled men.

WATER CONTROL

By mid November 1968, the water level in the Kirkland Lake mines had reached the Macassa 4250' level. The bulkhead was closed and pumping of this water started on December 2nd. To date the pump system has been satisfactory.

MACASSA GOLD
MINES LIMITED

Expenditure for the control system since its inception in November 1963 have been	
Pumps, motors, switch gear, cables piping	\$ 115,574
Rockwork — 1500' drive across the mine, pump stations access openings bulkhead and dams	151,807
Total	<u>\$ 267,381</u>

OPERATING COSTS

	1968		1967	
	<u>Tons Milled</u>	<u>Ounces Produced</u>	<u>Tons Milled</u>	<u>Ounces Produced</u>
	104,408	52,671	108,331	47,948
	<u>Cost Per Ton</u>	<u>Cost Per Ounce</u>	<u>Cost Per Ton</u>	<u>Cost Per Ounce</u>
Development	\$ 2.801	\$ 5.553	\$ 2.197	\$ 4.964
Mining	11.926	23.640	11.442	25.851
Milling	3.608	7.152	3.434	7.759
Undistributed Mine Operating Expense ...	.889	1.761	.870	1.966
	<u>\$ 19.224</u>	<u>\$ 38.106</u>	<u>\$ 17.943</u>	<u>\$ 40.540</u>
Add:				
Depreciation .....	.335	.663	.335	.756
Ontario Mining Tax .....	.178	.353	.085	.192
Head Office Administration .....	.821	1.628	.799	1.806
	<u>\$ 20.558</u>	<u>\$ 40.750</u>	<u>\$ 19.162</u>	<u>\$ 43.294</u>

MAJOR OPERATING EXPENDITURES

	1968	1967
Wages and Salaries	\$1,236,458	\$1,218,096
Supplies and Services	592,659	558,983
Power (Hydro)	105,584	104,693

CAPITAL EXPENDITURES

Expenditures on Capital Account for the year amounted to \$25,979. Largest amounts were shops — tools \$400, two vehicles \$4,693, Mill \$10,281 which included crusher parts for major rebuild of symmons crusher. Mine, rock drills \$1,996, ore cars \$4,651, pump system electrical equipment \$3,706.

ACKNOWLEDGEMENT

The support of the President and Board of Directors, the efficient work of the staff and co-operation of all employees is gratefully and sincerely acknowledged.

M. R. MacPHERSON, P.Eng.,
Mine Manager.

To the Shareholders,
LONG LAC MINERAL EXPLORATION LIMITED.

Herewith is submitted a report covering the activities of the Company for the year ended December 31st, 1968.

During its first year, your Company spent a total of \$168,000 investigating and examining 273 properties, participating in exploration ventures and grubstakes, and carrying out specific exploration projects on its own. Of the properties investigated, 24 have been classified as interesting and are being followed up.

The exploration ventures include participation in oil and gas exploration programs in the State of Michigan in close proximity to major oil fields. The technical program is based on new geological-geophysical concepts derived from an extensive review of well data and geophysical surveys covering the Southern Ontario-Michigan geological basin. Field surveys embracing some half a million acres have been finished. The leasing of land has been completed and negotiations for drilling a test well have commenced.

Exploration projects carried out in 1968 included surveys and 5,200' of surface diamond drilling on a property in Newfoundland; the thorough investigation of copper occurrences located at Chapman Lake, Northern Ontario and at the south end of Lake Chibougamau, Quebec; the bulk sampling by percussion drilling of a copper-nickel occurrence in the Fort Frances area, Ontario and on which metallurgical and pilot plant tests are now underway. Also, reconnaissance exploration surveys were undertaken in a number of other areas in Ontario and Quebec.

Plans for the year 1969 involve a substantial increase in exploration with related heavier expenditures. Already two major projects are underway. One of these was the acquisition of three large blocks of claims in the Minago River area on the extension of the Thompson nickel belt in Northern Manitoba. The north block comprising 49 claims, is to be explored by Amax Exploration Inc. (American Metal Climax). Under the terms of the Agreement, Amax can earn up to a 49% interest in the claims by expending \$100,000 on exploration before June 30, 1971. After the expenditure of the initial \$100,000 Amax may elect to spend an additional \$150,000 and Long Lac Mineral shall be entitled to participate in such expenditures to a maximum extent of 51%. The other project was the staking of 212 claims in the Uchi Lake area of Northwestern Ontario some fifty miles east of Red Lake where Selco Exploration Co., Limited made a base-metal discovery late last Fall. Twenty of these adjoin the 39 claim property of the former gold producer, Uchi Gold Mines Limited which is now owned by The Little Long Lac Gold Mines Limited.

In closing, I wish to express my thanks to the Officers and Directors for their helpful support. I also wish to record my appreciation of the loyalty and co-operation of my assistant, Mr. Dennis G. Sheehan.

Respectfully submitted.

P. D. TIMMS,
Manager.

April 15, 1969

Twenty-Eighth Annual Report

RENABIE MINES LIMITED

Year Ended December 31, 1968

HEAD OFFICE:
Suite 400, 112 King Street West,
Toronto 1, Ontario

MINE OFFICE:
Renabie, Ontario

OFFICERS:

JOHN D. BRYCE, *President*
Toronto, Ontario

R. C. STANLEY, JR., *Vice-President*
New York, N.Y.

A. G. WILSON, *Secretary-Treasurer*
Toronto, Ontario

D. M. LORIMER, *Comptroller*
Toronto, Ontario

DIRECTORS:

JOHN C. L. ALLEN	-	-	-	-	-	-	-	Toronto, Ontario
P. A. ALLEN	-	-	-	-	-	-	-	Toronto, Ontario
J. D. BRYCE	-	-	-	-	-	-	-	Toronto, Ontario
P. K. HANLEY	-	-	-	-	-	-	-	Toronto, Ontario
C. C. HUSTON	-	-	-	-	-	-	-	Toronto, Ontario
ROBERT C. STANLEY, JR.	-	-	-	-	-	-	-	New York, N.Y.

W. A. MOORE, *Mine Manager*
Renabie, Ontario

TRANSFER AGENT AND REGISTRAR:

CANADA PERMANENT TRUST COMPANY
Toronto, Ontario

AUDITORS:

THORNE, GUNN, HELLIWELL & CHRISTENSON
Toronto, Ontario

ANNUAL MEETING:

May 8, 1969, 9.30 A.M., Toronto Time,
Boardroom, Suite 400, 112 King Street West, Toronto

PRESIDENT'S REPORT

To the Shareholders of
RENABIE MINES LIMITED

We present herewith the Twenty-eighth Annual Report of your Company, for the year ended December 31, 1968, comprising the report of the mine manager, the financial statements, and the report of your auditors thereon.

During the period, the mill treated 171,452 tons of ore, approximately the same as was treated in 1967, from which was recovered bullion having a gross value of \$1,393,115, to which may be added the estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act, \$381,320, making a total income derived from the operation of \$1,774,435, as compared to \$1,614,091 in 1967.

Operating costs were \$1,611,020, approximately \$47,000 above those in 1967. This increase was due in part to increased wages and in part to higher milling costs occasioned by extensive repairs to the mill circuit and changes in the flowsheet. Offsetting this there was a slightly better grade of ore treated than in 1967, and a higher over-all recovery was achieved in the mill circuit. The above resulted in an operating profit of \$163,415. However, after providing for depreciation and deferred development, there was a net loss for the year of \$22,259 as compared to a net loss of \$188,352 in 1967.

The company, because of its isolated location, continues to suffer from an acute shortage of labor, the labor turnover in 1968 being higher than in 1967 when it was equal to approximately 300% of the total work force.

Due to a shortage of labor, the lateral development work on the 2900 level did not reach the ore zone by the end of the year, but should do so by the end of April, 1969. As a result of this, following the policy of not including any ore below the bottom working level, the 2650, the ore reserves decreased for the year.

The report of your mine manager contains a review of the operations for the year, and we are glad to take this opportunity of expressing our appreciation for the excellent manner in which Mr. Moore and his staff have conducted the operation under such severe conditions.

On behalf of the Board,

JOHN D. BRYCE,
President.

April 15, 1969.

MANAGER'S REPORT

January 29, 1969.

Mr. John D. Bryce, President,
and Directors,
Renabie Mines Limited,
Toronto, Ontario.

Gentlemen:

I submit for your consideration a report on operations at Renabie Mines Limited, for the year ended December 31st, 1968.

Production: The following figures show the production for 1968 with comparable figures for 1967 and 1966:

	<u>1968</u>	<u>1967</u>	<u>1966</u>
Gross Recovery	\$1,393,115	\$1,273,591	\$1,467,050
Tons Milled	171,452	171,729	162,580
Recovery per Ton	\$8.13	\$7.42	\$9.02

The average Mint Settlement value per ounce of Gold was \$37.68, compared to \$37.77 in 1967. The average price for Silver was \$2.28 per ounce. Under the provisions of the Emergency Gold Mining Assistance Act, it is estimated that the Company is entitled to receive \$381,320 for the year, which is \$2.22 per ton milled, or \$10.27 per ounce recovered, compared to \$340,500 for 1967.

Milling: The average tons milled per day in 1968 was 468, compared to 470 in 1967. Bullion recovery comprised 36,196.20 ounces of gold, and 12,797.60 ounces of silver.

After extensive test work at the Extraction Branch, Dept. of Energy, Mines and Resources, and in our own mill lab, changes were made in our mill circuit and in our operating procedures, which have increased our overall recovery from a low of 90.1% in January, 1968 to 94.5% in December.

New flotation cells were installed and a separate high lime and high cyanide circuit was established to treat the flotation concentrate. The mechanical condition of the mill equipment was improved and a start has been made on an automatic density control system for the grinding circuit.

Development: The ore and waste pass system was complete from the 3400 loading pocket to the 2800 level. The 29 Cross Cut South was advanced 1,090 feet towards the ore and is now 72% completed.

During the year, we completed the stope preparation of the ore on the 2625 level. A total of 116,000 tons was prepared for mining in 1968 compared to 111,500 tons in 1967.

The total ore reserves were 157,704 tons with a grade of 0.211 ounces per ton compared to 288,345 tons of 0.21 ounces in 1967.

Approximately 78% of our ore being broken now comes from long hole sub-level stopes.

Comparative figures for long hole sub-level stoping and shrinkage stoping are as follows:

	<u>Sub level Stopes Per Ton</u>	<u>Shrinkage Stopes Per Ton</u>
Preparation Costs	0.895	0.765
Mining Costs	0.560	0.850
TOTALS	1.455	1.615

The following figures compare development footage for 1968 and 1967:

	<u>1968</u>	<u>1967</u>	<u>Total to Date</u>
Drifting	1,357	1,916	46,028
Crosscutting	1,726	452	23,668
Raising	1,370	1,634	30,223
Shaft Sinking	0	0	3,906
Station Cutting (Shaft Equiv.)	0	0	2,356
Diamond Drilling	11,320	15,429	312,207

Ore Reserves: The position of ore reserves at the year end after allowing for dilution and without including any ore below the 2800 level was as follows:

	<u>Tons</u>	<u>Ounces Per Ton</u>
Unbroken Ore	141,013	0.212
Broken Ore	16,691	0.209
TOTAL	<u>157,704</u>	<u>0.211</u>

Operating Costs: The operating and other costs per ton and per ounce of gold recovered were as follows:

	<u>1968</u>	<u>Ozs. Recovered</u>	<u>1967</u>	<u>Ozs. Recovered</u>
	<u>Tons Milled</u>		<u>Tons Milled</u>	
	171,452	36,196.20	171,729	33,185.56
	<u>Per Ton</u>	<u>Per Ounce</u>	<u>Per Ton</u>	<u>Per Ounce</u>
Development and Exploration	\$ 1.88	\$ 8.91	\$ 2.07	\$ 10.69
Mining	4.03	19.09	4.19	21.69
Milling	3.02	14.29	2.60	13.46
Undistributed Operating Charges including Administration and Head Office .....	.99	4.72	.94	4.89
Operating Costs	\$ 9.92	\$ 47.01	\$ 9.80	\$ 50.73
Depreciation .....	.55	2.61	.59	3.04
Provision for taxes .....	.07	.32	.05	.28
	<u>\$ 10.54</u>	<u>\$ 49.94</u>	<u>\$ 10.44</u>	<u>\$ 54.05</u>

A comparison of Capital Expenditures for 1968 and 1967 is as follows:

	<u>1968</u>	<u>1967</u>
Underground Equipment	\$	\$ 8,810
Mill Equipment	10,352	10,038
Surface Equipment	14,208	21,237
Other	18,140	31,419
	<u>\$ 42,700</u>	<u>\$ 71,504</u>

Labour: There were 547 hirings and 541 separations in 1968, compared to 518 hirings and 522 separations in 1967.

Safety: In 1968 the accident frequency was reduced to 30.5 from 40.1 in 1967, though there was one fatality resulting from a fall.

General: The three main achievements during the year were the completion of the 3400-2800 Ore and Waste Pass system, the improvements in our longhole system of mining, and the improvement in the recovery in the mill from 90% in January to 94% in December.

This was accomplished in spite of a worsening labour situation which hampered every sector of the operation.

In October, the Minister of Highways opened Highway 651, our connecting road to Highway 101. It is now possible to get some supplies more cheaply by truck than by rail.

I am grateful to the Officers of the Company for their support during the past year. The cooperation of the Mine Staff and Employees is sincerely acknowledged.

Respectfully submitted,

RENABIE MINES LIMITED,

W. A. MOORE,
Manager.

AUDITORS' REPORT

To the Shareholders of
Renabie Mines Limited

We have examined the balance sheet of Renabie Mines Limited as at December 31, 1968 and the statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada,
March 10, 1969.

RENABIE M

(Incorporated und

Balance Sheet -

(with comparative figur

ASSETS

	1968	1967
CURRENT ASSETS		
Cash	\$ 134,920	\$ 12,296
Bullion, at net realizable value	114,376	102,146
Accounts receivable	11,221	14,314
Loan to affiliated company		230,000
Amount receivable under the Emergency Gold Mining Assistance Act ..	129,459	129,260
Prepaid expenses	5,734	6,514
Supplies, at average cost	300,706	284,902
	<u>696,416</u>	<u>779,432</u>
 FIXED ASSETS, at cost		
Buildings, machinery and equipment	3,268,717	3,227,850
Less accumulated depreciation	2,830,360	2,738,971
	<u>438,357</u>	<u>488,879</u>
Mining properties	77,112	77,112
	<u>515,469</u>	<u>565,991</u>
 OTHER ASSETS AND DEFERRED CHARGES		
Shaft sinking and other operating expenditures deferred less amounts written off	77,369	113,510
Special refundable tax	3,429	9,348
Shares in affiliated company, at nominal value	1	1
	<u>80,799</u>	<u>122,859</u>
	<u>\$1,292,684</u>	<u>\$1,468,282</u>

ES LIMITED

(In accordance with the laws of Ontario)

December 31, 1968

(December 31, 1967)

LIABILITIES

CURRENT LIABILITIES	1968	1967
Accounts payable and accrued liabilities	\$ 153,247	\$ 152,018
Payable to parent and associated companies	5,938	160,506
	<u>159,185</u>	<u>312,524</u>

SHAREHOLDERS' EQUITY

Capital stock

Authorized — 1,500,000 shares of \$1 each

Issued — 1,050,005 shares

Less discount on shares

Retained earnings

1,133,499 1,155,758

Approved by the Board:

JOHN D. BRYCE, Director.

R. C. STANLEY, Jr., Director.

\$1,292,684 \$1,468,282

STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended December 31, 1968

(with comparative figures for 1967)

	1968	1967
OPERATING REVENUE		
Bullion recovery	\$1,393,115	\$1,273,591
Assistance under the Emergency Gold Mining Assistance Act	381,320	340,500
	<u>1,774,435</u>	<u>1,614,091</u>
OPERATING EXPENSES		
Mine development	172,224	153,360
Mining	587,590	606,946
Milling	430,530	366,295
Marketing expenses	9,479	10,298
Mine office and supervision	106,884	102,173
General expenses at the property	265,818	289,359
Administrative and corporate expenses	38,495	36,121
Ontario mining tax		190
	<u>1,611,020</u>	<u>1,564,742</u>
Operating profit, before providing for the undernoted items	<u>163,415</u>	<u>49,349</u>
DEDUCT		
Depreciation	94,500	100,900
Proportion of shaft sinking expenditures written off	102,106	145,927
Outside exploration		58
	<u>196,606</u>	<u>246,885</u>
	(33,191)	(197,536)
Interest received, net	<u>10,932</u>	<u>9,184</u>
Loss for the year	22,259	188,352
Retained earnings at beginning of year	726,208	974,822
	<u>703,949</u>	<u>786,470</u>
DEDUCT		
Shares in affiliated company written down to nominal value		60,262
Retained earnings at end of year	<u>\$ 703,949</u>	<u>\$ 726,208</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1968

(with comparative figures for 1967)

SOURCE OF FUNDS	1968	1967
Operations		
Depreciation and other items not involving cash outlay	\$ 196,606	\$ 246,827
Deduct loss for the year	22,259	188,352
	<u>174,347</u>	<u>58,475</u>
Reduction of loan to an affiliated company		230,000
Disposal of fixed assets		1,277
Special refundable tax	5,919	2,572
	<u>180,266</u>	<u>292,324</u>
APPLICATION OF FUNDS		
Shaft sinking expenditures	63,902	76,380
Additions to fixed assets	42,700	71,504
Other items	3,341	166
	<u>109,943</u>	<u>148,050</u>
Increase in working capital	70,323	144,274
Working capital at beginning of year	466,908	322,634
Working capital at end of year	<u>\$ 537,231</u>	<u>\$ 466,908</u>

NOTE TO FINANCIAL STATEMENTS

OTHER STATUTORY INFORMATION

Direct remuneration of directors and senior officers (including the five highest paid employees) as defined by The Corporations Act was as follows:

	1968	1967
Directors and Officers	\$ 12,200	\$ 12,200
Mine Employees	54,924	46,642
Total	<u>\$ 67,124</u>	<u>\$ 58,842</u>

MILTON QUARRIES LIMITED

Report

December 31st, 1968

HEAD OFFICE

Suite 400, 112 King St. West
Toronto, Ontario.

QUARRY OFFICE

Milton, Ontario.

DIRECTORS:

JOHN D. BRYCE, *President*
Toronto, Ontario.

P. A. ALLEN
Toronto, Ontario.

JOHN C. L. ALLEN, *Vice-President*
Toronto, Ontario.

P. K. HANLEY
Oakville, Ontario.

C. A. POYNTON
Milton, Ontario.

A. GEORGE WILSON, *Secretary-Treasurer*
Toronto, Ontario.

MILTON QUARRIES LIMITED

PRESIDENT'S REPORT

To the Shareholders of
MILTON QUARRIES LIMITED

We present herewith the report of your Company for the year ended December 31, 1968, together with accompanying financial statements as of that date and the report of the auditors thereon.

Operations at the quarry proceeded throughout the year at an increased rate as compared to 1967. While sales were higher, costs were higher due to increased labour rates, increased overtime, and a readjustment of inventory figures. This latter was due to the write-off of some materials which are not available for sale.

Prices remained firm throughout the year.

After provision for payment of interest payments of \$46,492. and depreciation write-offs of \$163,557, the result was a net loss of \$27,275. as compared to a profit of \$11,698. in 1967.

During the year, \$135,000. of loans by the parent company were repaid. \$23,212. was spent on capital account for the additions and replacements to the present plant and equipment.

We are pleased to take this opportunity of expressing our appreciation for the satisfactory manner in which staff and employees of the Company carried out their work during the past year.

On behalf of the Board,

JOHN D. BRYCE,
President.

April 15, 1969

MILTON QUARRIES LIMITED

AUDITORS' REPORT

To the Directors of
MILTON QUARRIES LIMITED

We have examined the balance sheet of Milton Quarries Limited as at December 31, 1968 and the summary of income and deficit and the statement of source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to any adjustment which may result from the final determination of the matter set out in the note, these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,

Chartered Accountants.

Toronto, Canada
February 12, 1969

MILTON QUARRIES LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet, December 31, 1968

(with comparative figures at December 31, 1967)

ASSETS

CURRENT ASSETS	1968	1967
Cash	\$ 84,017	\$ 32,979
Government of Canada bonds, at cost (market value 1968, \$3,055; 1967, \$3,120)	5,541	5,541
Accounts receivable	298,220	382,918
Inventories of crushed stone and broken rock, at estimated cost	107,336	139,372
Supplies, at cost	49,925	37,303
Prepaid expenses	5,375	8,928
	<u>550,414</u>	<u>607,041</u>
FIXED ASSETS, at cost		
Land	209,527	209,527
Buildings, plant and equipment	1,502,747	1,503,933
	<u>1,712,274</u>	<u>1,713,460</u>
Less accumulated depreciation and depletion	1,371,081	1,229,497
	<u>341,193</u>	<u>483,963</u>
DEFERRED CHARGES AND OTHER ASSETS		
Drilling and stripping expenditures	28,316	18,496
Prepaid royalties (see note)	48,483	35,274
Special refundable tax	4,574	3,227
	<u>81,373</u>	<u>56,997</u>
	<u>\$ 972,980</u>	<u>\$1,148,001</u>

LIABILITIES

CURRENT LIABILITIES	1968	1967
Accounts payable and accrued liabilities	\$ 96,206	\$ 96,598
Note payable due within one year	7,602	11,175
Accrued interest on loans	46,953	48,132
	<u>150,761</u>	<u>155,905</u>
Loans payable		
Macassa Gold Mines Limited (parent company)	705,000	610,000
Renabie Mines Limited (affiliated company)		230,000
	<u>855,761</u>	<u>995,905</u>
NOTES PAYABLE		
Payable in monthly instalments of \$1,000 principal and interest (6%); final payments due August 30, 1969	7,602	18,777
Less principal payments included in current liabilities	7,602	11,175
	<u></u>	<u>7,602</u>
SHAREHOLDERS' EQUITY		
Capital stock		
Preference shares, 6% non-cumulative redeemable at par		
Authorized — 9,000 shares of \$100 each		
Issued — 4,000 shares	400,000	400,000
Common shares		
Authorized — 100,000 shares of no par value		
Issued — 100,000 shares	15,005	15,005
	<u>415,005</u>	<u>415,005</u>
Deduct deficit	297,786	270,511
	<u>117,219</u>	<u>144,494</u>
	<u>\$ 972,980</u>	<u>\$1,148,001</u>

MILTON QUARRIES LIMITED

SUMMARY OF INCOME AND DEFICIT

YEAR ENDED DECEMBER 31, 1968
(with comparative figures for 1967)

	1968	1967
Income from operations before the undernoted items	\$ 136,282	\$ 174,396
Deduct		
Depreciation	161,623	162,430
Depletion	1,934	277
	<u>163,557</u>	<u>162,707</u>
Net income (loss) for the year	(27,275)	11,689
Deficit at beginning of year	270,511	282,200
Deficit at end of year	<u>\$ 297,786</u>	<u>\$ 270,511</u>

NOTE:

A municipal by-law enacted in 1968 provides for an increased boundary allowance on the quarry property. Royalties have been prepaid on stone located within the area between the old boundary and the new boundary. At the present time the company is unable to determine the final settlement of the prepaid royalties.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1968
(with comparative figures for 1967)

SOURCE OF FUNDS	1968	1967
Operations		
Net income (loss) for the year	\$ (27,275)	\$ 11,689
Depreciation and depletion not requiring cash outlay	163,557	162,707
	<u>136,282</u>	<u>174,396</u>
Sale of fixed assets	2,425	1,671
	<u>138,707</u>	<u>176,067</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	23,212	34,548
Payment on loans — parent and affiliated companies	135,000	30,000
Decrease in non-current portion of notes payable	7,602	11,175
Deferred charges and other assets	24,376	5,021
	<u>190,190</u>	<u>80,744</u>
Increase (decrease) in working capital	(51,483)	95,323
Working capital at beginning of year	451,136	355,813
Working capital at end of year	<u>\$ 399,653</u>	<u>\$ 451,136</u>

Loans payable to parent and affiliated companies have not been considered as current liabilities in determining working capital.

